MISSOURI HOUSING
DEVELOPMENT COMMISSION

FINANCIAL STATEMENTS

JUNE 30, 2007

Strength, Dignity, Quality of Life

MISSOURI HOUSING

DEVELOPMENT COMMISSION

Contents

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Independent Auditors' Report

The Commissioners
Missouri Housing Development Commission

We have audited the accompanying balance sheet of Missouri Housing Development Commission (a body corporate and politic of the State of Missouri) (the Commission) as of June 30, 2007 and 2006, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission at June 30, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2007 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Commission taken as a whole. The accompanying supplementary information, as listed on pages 38 through 40 in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RubinBrown LLP

September 17, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Years Ended June 30, 2007 And 2006

Our discussion and analysis of Missouri Housing Development Commission's financial performance provides an overview of the Commission's financial activities for the fiscal years ended June 30, 2007 and 2006. Please read it in conjunction with the Commission's financial statements and accompanying notes.

Introduction - Missouri Housing Development Commission

The Missouri Housing Development Commission (the Commission) was established by the 75th Missouri General Assembly in 1969 and is the housing finance agency for the State of Missouri. The Commission is entirely self-supporting and does not draw upon the general taxing authority of the State. The Commission sells tax-exempt and taxable bonds and notes, for the purposes of financing owner-occupied residential mortgage loans for lower- and moderate-income persons and providing construction and long-term financing for rental developments to be occupied by lower- and moderate-income persons. The Commission's net assets are also a source of funding for such loans.

The Commission conducts other programs related to its housing finance activities, including administering the federal and state housing tax credits for the State of Missouri. The Commission also administers contracts for the Project Based Section 8 program, which provides rental subsidies from federal funds, on a fee basis.

Overview Of The Financial Statements

This annual financial report consists of three parts: Management's Discussion & Analysis; the financial statements, including notes to the financial statements; and supplemental schedules. The Commission is a self-supporting entity and follows enterprise fund reporting, using the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Commission.

2007 Financial Highlights

- Total assets were $2.1 billion, an increase of 12.0% from June 30, 2006.
- Fiscal year 2007 mortgage investment purchases and originations totaled $407.6 million as compared to $375.4 million in 2006.
- Bonds and notes issued totaled $336.2 million in 2007 and totaled $415.8 million in 2006. $295.0 million of the bonds issued in 2007 and $328.0 million in 2006 were rated AAA by Standard & Poor's Rating Services.
- Total revenues were $240.1 million in fiscal year 2007, an increase of 33.8% from fiscal year 2006. Excluding the net change in fair value of investments, total revenues were $235.3 million in fiscal year 2007, representing an increase of 4.1%.
- Net operating income, excluding the net change in fair value of investments, was $16.3 million in fiscal year 2007 as compared to $16.2 million in 2006.
- Net assets increased $21.0 million (6.6%) as of June 30, 2007. Excluding the change in fair value of investments, net assets increased $17.7 million (5.2%) as of June 30, 2007.
- Standard and Poor's Rating Services continued the Commission's AA+ Issuer Credit Rating, with a rating outlook for the intermediate to longer term of stable.

2006 Financial Highlights

- Total assets were $1.9 billion, an increase of 11.0% from June 30, 2005.
- Fiscal year 2006 mortgage investment purchases and originations totaled $375.4 million as compared to $301.1 million in 2005.
- Bonds and notes issued totaled $415.8 million in 2006 and totaled $283.0 million in 2005. $328.0 million of the bonds issued in 2006 and $229.7 million in 2005 were rated AAA by Standard & Poor's Rating Services.
- Total revenues were $179.5 million in fiscal year 2006, a decrease of 14.3% from fiscal year 2005. Excluding the net change in fair value of investments, total revenues were $226.1 million in fiscal year 2006, representing an increase of 10.0%.
- Net operating income, excluding the net change in fair value of investments, was $16.2 million in fiscal year 2006 as compared to $9.3 million in 2005.
- Net assets decreased $30.4 million (8.8%) as of June 30, 2006. Excluding the change in fair value of investments, net assets increased $17.1 million (5.3%) as of June 30, 2006.
- Standard and Poor's Rating Services continued the Commission's AA+ Issuer Credit Rating, with a rating outlook for the intermediate to longer term of stable.

Financial Position

The following table summarizes the Commission's current, restricted and noncurrent assets and liabilities and displays restricted and unrestricted net assets as of June 30, 2007, June 30, 2006, and June 30, 2005:

Condensed Financial Information
Assets, Liabilities, and Net Assets *(In Thousands)*

	June 30,			Change ($)	
	2007	2006 (As Restated)	2005	2007 vs 2006	2006 vs 2005
Assets					
Current assets	$ 68,098	$ 55,551	$ 38,552	$ 12,547	$ 16,999
Restricted investments	383,407	405,961	353,637	(22,554)	52,324
Restricted mortgage investments	1,425,307	1,199,504	1,084,961	225,803	114,543
Other restricted assets	100,690	91,265	80,747	9,425	10,518
Capital assets	917	1,098	928	(181)	170
Other	109,279	111,476	120,606	(2,197)	(9,130)
Total Assets	$ 2,087,698	$ 1,864,855	$ 1,679,431	$ 222,843	$ 185,424
Liabilities					
Current liabilities	$ 2,359	$ 2,178	$ 1,988	$ 181	$ 190
Current liabilities - payable from restricted assets	125,903	126,657	126,206	(754)	451
Long-term bonds payable	1,603,181	1,403,149	1,190,475	200,032	212,674
Other	18,480	16,128	13,630	2,352	2,498
Total Liabilities	$ 1,749,923	$ 1,548,112	$ 1,332,299	$ 201,811	$ 215,813
Net Assets					
Invested in capital assets	$ 917	$ 1,098	$ 928	$ (181)	$ 170
Restricted	308,728	291,977	319,814	16,751	(27,837)
Unrestricted	28,130	23,668	26,390	4,462	(2,722)
Total Net Assets	$ 337,775	$ 316,743	$ 347,132	$ 21,032	$ (30,389)

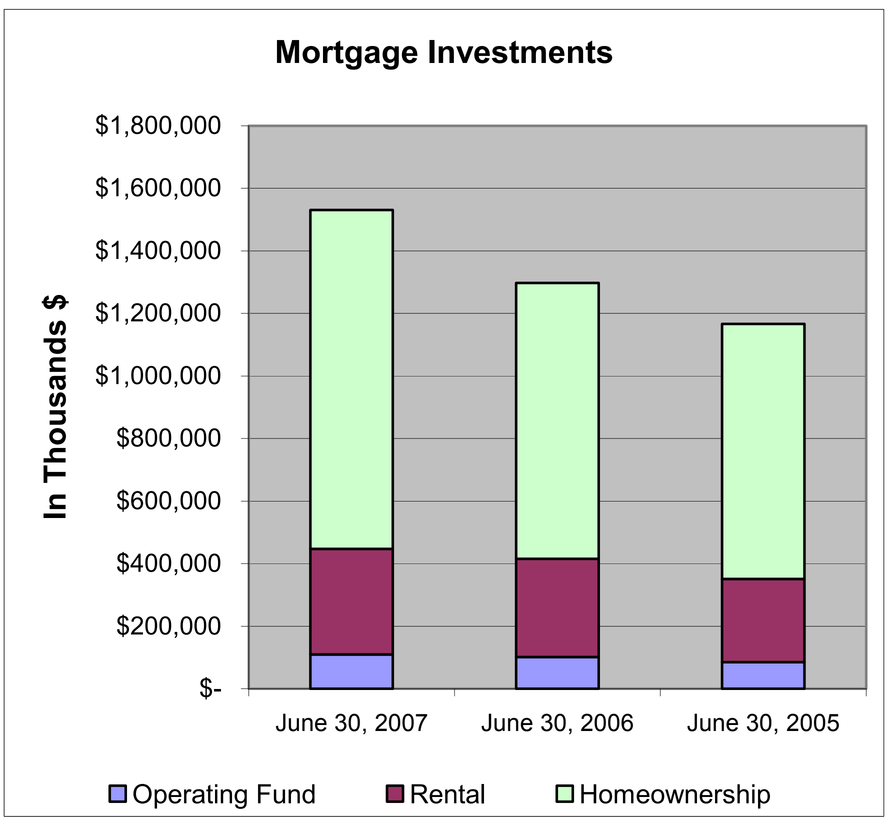
Investments

Investments consist of U.S. government and agency fixed rate securities, guaranteed investment agreement contracts, and overnight repurchase agreements. The Commission's investment policy emphasizes preservation of principal. At June 30, 2007, the Commission had $450.0 million in investments as compared to $468.3 million at June 30, 2006 and $424.0 million at June 30, 2005.

Mortgage Investments

The Commission's mortgage investments increased 18.0% during fiscal year 2007 and 11.3% during fiscal year 2006. Mortgage investments comprise 73.4% of the Commission's total assets at June 30, 2007, as compared to 69.6% at June 30, 2006 and 69.4% at June 30, 2005. GNMA, Fannie Mae and FHLMC mortgage-backed securities (MBS) comprise 70.9% of the Commission's mortgage investments at June 30, 2007, compared to 68.1% at June 30, 2006 and 70.2% at June 30, 2005. In fiscal year 2007 new loans totaled $407.6 million, with prepayment activity and change in fair value resulting in a net increase of $233.3 million in the mortgage investment portfolio as reported. In fiscal year 2006, new loans totaled $375.4 million, with prepayment activity and change in fair value resulting in a net increase of $131.8 million in the mortgage investment portfolio as reported. The Commission's loan portfolio is low-risk, with over 99% of the homeownership loan portfolio being GNMA, Fannie Mae and FHLMC MBS and a significant portion of its bond-financed rental loan portfolio backed by FHA insurance. The Commission's loan loss reserve is 1.4% of total loans at June 30, 2007 (1.6% at June 30, 2006 and 1.8% at June 30, 2005), which is allocated to uninsured loans, Risk-Share loans and related accrued interest on such loans.

The mix of mortgage investments among operating fund loans, rental, and homeownership bond-financed programs at June 30, 2007, June 30, 2006, and June 30, 2005, is depicted in the following chart:



The Commission's rental loan portfolio includes FHA-insured Risk-Share mortgage loans, in which the Commission participates in 50% of the insured risk. These loans totaled $171.2 million at June 30, 2007, $173.2 million at June 30, 2006, and $149.0 million at June 30, 2005.

Debt

At June 30, 2007, the Commission had $1.64 billion in bonds and notes outstanding as compared to $1.43 billion outstanding at June 30, 2006 and $1.22 billion outstanding at June 30, 2005.

During fiscal year 2007, new debt resulted from issuance of five series of homeownership mortgage revenue bonds, which totaled $295.0 million, and eleven rental housing revenue bond series totaling $41.2 million, including ten conduit debt issues totaling $37.2 million. During fiscal year 2006, new debt resulted from issuance of five series of homeownership mortgage revenue bonds, which totaled $328.0 million, and fourteen rental housing revenue bond series totaling $87.8 million, including seven conduit debt issues totaling $49.8 million. The overall net increase in debt during fiscal year 2007 resulted from the current year issuances that exceeded principal payments and redemptions. For additional information, see Note 6, Bonds and Notes Payable, in the Notes to Financial Statements.

Net Assets

The Commission continues to demonstrate a strong financial position. Excluding the effects of fair value reporting and conduit bond assets, net worth ratio (net assets as compared to total assets) was 18.2% at June 30, 2007, as compared to 19.0% at June 30, 2006 and 20.1% at June 30, 2005. Excluding unrealized gains and losses, net assets were $360.0 million at June 30, 2007, $342.3 million at June 30, 2006, and $325.2 million at June 30, 2005, representing growth of 5.2% in fiscal year 2007, growth of 5.3% in fiscal year 2006, and growth of 3.0% in fiscal year 2005. Most of the Commission's net assets are restricted for bond requirements and Commission resolutions.

Operating Activities

The following table summarizes the Commission's revenues, expenses and changes in net assets for 2007, 2006 and 2005.

Condensed Financial Information
Revenues, Expenses And Changes In Net Assets (In Thousands)

				Change ($)	
	2007	2006	2005	2007 vs 2006	2006 vs 2005
Operating Revenues					
Interest and investment income	$ 101,032	$ 35,717	$ 79,716	$ 65,315	$ (43,999)
Grants and federal assistance	121,679	124,649	108,832	(2,970)	15,817
Other	17,361	19,111	20,866	(1,750)	(1,755)
Total Operating Revenues	240,072	179,477	209,414	60,595	(29,937)
Operating Expenses					
Interest expense	70,931	60,658	59,003	10,273	1,655
Compensation and administrative expenses	11,701	10,666	10,518	1,035	148
Grants and federal assistance	121,745	124,793	108,781	(3,048)	16,012
Other	14,663	13,749	17,834	914	(4,085)
Total Operating Expenses	219,040	209,866	196,136	9,174	13,730
Change In Net Assets	$ 21,032	$ (30,389)	$ 13,278	$ 51,421	$ (43,667)

While the Commission continues to demonstrate strong financial activity, the economy and market conditions have affected financial results. During fiscal year 2007, overall revenues increased due, primarily, to fair value adjustments. Interest and investment income increased $51.3 million in fiscal year 2007 due to the increase in the fair value of investments. Conversely, overall revenues decreased in fiscal year 2006 due, primarily, to fair value adjustments. Interest and investment income decreased $50.5 million in fiscal year 2006 due to the decrease in the fair value of investments. Excluding the effects of fair value reporting, the change in net assets was an increase of $16.3 million in fiscal year 2007, $16.2 million in fiscal year 2006, and $9.3 million in fiscal year 2005, demonstrating continued financial strength. The return on average equity and the return on average assets, excluding the effects of fair value reporting and conduit bond-financed assets, were 4.63% and 0.86%, respectively, for fiscal year 2007. This compares to 4.85% and 0.95%, respectively, for fiscal year 2006.

Revenues

Interest and investment income totaled $101.0 million in 2007 as compared to $35.7 million in 2006 (an increase of 182.9% in fiscal year 2007) and as compared to $79.7 million in 2005 (a decrease of 55.2% in fiscal year 2006). This income includes a fair value increase of $4.8 million in 2007, a fair value decrease of $46.6 million in 2006, and a fair value increase of $3.9 million in 2005. During fiscal year 2007 decreasing interest rates caused a corresponding increase in the value of the Commission's portfolio of mortgage-backed securities and other investments. Without the fair value adjustments, interest and investment income rose 17.0% in fiscal year 2007, reflecting the growth in the Commission's asset base and increase in interest rates and earnings as compared to the prior year. During fiscal year 2006, increasing interest rates caused a corresponding decrease in the value of the Commission's portfolio of mortgage-backed securities and other investments. Without the fair value adjustments, interest and investment income rose 8.6% in fiscal year 2006, reflecting the growth in the Commission's asset base and increase in interest rates and earnings as compared to the prior year. Depending on future financial markets, interest rate fluctuations are expected to have continuing material effects on the Commission's financial statements.

Grants And Federal Assistance

Federal and state grant program revenues and expenses represent funds received and disbursed relating to projects funded by the U.S. Department of Housing and Urban Development (including Section 8 Contract Administration and HOME Investment Partnership) and other federal and state programs totaling $121.7 million in fiscal year 2007 as compared to $124.7 million in fiscal year 2006 and $108.8 million in fiscal year 2005. The fiscal year 2007 decrease and the fiscal year 2006 increase in Grants and federal assistance is largely the result of timing of disbursements for funds awarded from the HOME Investment Partnership program. These programs, along with federal and state tax credit programs, are integral to the Commission's achievement of its objectives. The Commission continues to take advantage of federal government programs that serve its mission by utilizing those that provide resources that leverage its net assets and other resources to finance affordable rental and owner-occupied housing for Missourians.

Expenses

Interest costs were $70.9 million for 2007 as compared to $60.7 million for 2006 (an increase of 16.9% in fiscal year 2007) and $59.0 million for 2005 (an increase of 2.8% in fiscal year 2006). The 2007 and 2006 fiscal year increases are primarily attributable to the overall increase in the level of debt outstanding and some increase in the rates on newer debt issues.

Beyond the costs associated with debt financing, the Commission's chief operating costs consist of compensation, facilities rent, information systems, professional services, and travel expenses. These costs totaled $11.7 million in 2007 ($10.7 million in 2006 and $10.5 million in 2005). Excluding the net change in the fair value of investments, these costs represented 5.0% of revenues in 2007 as compared to 4.7% of revenues in 2006 and 5.1% of revenues in 2005.

Contacting MHDC's Financial Management

This financial report is designed to provide the Commission's stakeholders with a general overview of the Commission's finances and to demonstrate accountability of resources. If you have questions about this report or need additional financial information, contact Marilyn Lappin, Director of Finance, Missouri Housing Development Commission, 3435 Broadway, Kansas City, Missouri 64111 or visit our website at www.mhdc.com.

MISSOURI HOUSING DEVELOPMENT COMMISSION

BALANCE SHEET
Page 1 Of 2
(*In Thousands*)

Assets

	June 30, 2007	June 30, 2006 (As Restated)
Current Assets		
Cash and temporary cash investments	**$ 1,890**	$ 4,242
Investments	**25,631**	27,066
Mortgage investments	**37,652**	22,217
Accrued interest receivable	**1,849**	1,645
Accounts receivable - other	**1,021**	336
Prepaid expenses	**55**	45
Total Current Assets	**68,098**	55,551
Noncurrent Assets		
Restricted Assets:		
Cash and temporary cash investments	**42,124**	42,786
Investments	**383,407**	405,961
Mortgage investments	**1,425,307**	1,199,504
Accrued interest receivable	**9,733**	8,792
Deferred financing charges	**48,833**	39,687
Total Restricted Assets	**1,909,404**	1,696,730
Investments	**40,980**	35,269
Mortgage investments, net of current portion and allowances for loan losses ($21,596 in 2007 and $21,150 in 2006)	**68,299**	76,207
Capital assets, less accumulated depreciation	**917**	1,098
Total Noncurrent Assets	**2,019,600**	1,809,304
Total Assets	**$ 2,087,698**	$ 1,864,855

MISSOURI HOUSING DEVELOPMENT COMMISSION

BALANCE SHEET
Page 2 Of 2
(In Thousands)

Liabilities And Net Assets

	June 30, 2007	June 30, 2006 (As Restated)
Liabilities		
Current Liabilities		
Bonds and notes payable	**$ 525**	$ 525
Accounts payable	**962**	861
Deferred financing and commitment fees	**872**	792
Total Current Liabilities	**2,359**	2,178
Current Liabilities - Payable From Restricted Assets		
Bonds and notes payable	**34,319**	27,868
Accrued interest payable	**25,472**	21,870
Escrow deposits	**62,077**	73,121
Rent subsidies and other payables	**1,643**	1,735
Accounts payable	**1,326**	853
Deferred financing and commitment fees	**1,066**	1,210
Total Current Liabilities - Payable From Restricted Assets	**125,903**	126,657
Noncurrent Liabilities - Payable From Restricted Assets		
Bonds and notes payable	**1,603,181**	1,403,149
Deferred financing and commitment fees	**18,480**	16,128
Total Noncurrent Liabilities - Payable From Restricted Assets	**1,621,661**	1,419,277
Total Liabilities	**1,749,923**	1,548,112
Net Assets		
Invested in capital assets	**917**	1,098
Restricted by the Commission, bond resolution and state statute	**308,728**	291,977
Unrestricted	**28,130**	23,668
Total Net Assets	**337,775**	316,743
Total Liabilities And Net Assets	**$ 2,087,698**	$ 1,864,855

MISSOURI HOUSING DEVELOPMENT COMMISSION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

(In Thousands)

	For The Years Ended June 30,	
	2007	2006
Operating Revenues		
Interest and investment income:		
Income - mortgage investments	**$ 78,590**	$ 65,975
Income - investments	**17,687**	16,328
Net increase (decrease) in fair value of investments	**4,755**	(46,586)
Total interest and investment income	**101,032**	35,717
Administration fees	**6,381**	6,978
Financing fees and other	**10,980**	12,133
Federal program income	**121,679**	124,649
Total Operating Revenues	**240,072**	179,477
Operating Expenses		
Interest expense on bonds	**70,931**	60,658
Bank miscellaneous bond debt expense	**5,578**	4,567
Compensation	**7,951**	7,431
General and administrative expenses	**3,750**	3,235
Provision for loan and real estate owned losses	**600**	1,075
Rent and other subsidy payments	**3,261**	2,299
Housing Trust Fund grants	**5,224**	5,808
Federal program expenses	**121,745**	124,793
Total Operating Expenses	**219,040**	209,866
Change In Net Assets	**21,032**	(30,389)
Net Assets - Beginning Of Year	**316,743**	347,132
Net Assets - End Of Year	**$ 337,775**	$ 316,743

MISSOURI HOUSING DEVELOPMENT COMMISSION

STATEMENT OF CASH FLOWS
Page 1 Of 2
(In Thousands)

	For The Years Ended June 30,	
	2007	2006 (As Restated)
Cash Flows From Operating Activities		
Interest received on mortgage investments	**$ 77,633**	$ 65,702
Fees, charges and other	**18,964**	21,546
Principal repayments on mortgage loans	**175,428**	200,056
Federal revenue	**121,587**	124,973
Federal expenses	**(121,745)**	(124,793)
Purchases of mortgage loans	**(407,601)**	(375,399)
Cash payments for compensation, administrative and other costs	**(19,778)**	(17,810)
Net Cash Used In Operating Activities	**(155,512)**	(105,725)
Cash Flows From Investing Activities		
Proceeds from sale of investments	**891,217**	844,625
Purchases of investments	**(866,145)**	(892,335)
Interest received on investments	**17,500**	15,159
Decrease in purchased security agreements to resell	**(3,644)**	(43)
Net Cash Provided By (Used In) Investing Activities	**38,928**	(32,594)
Cash Flows From Noncapital Financing Activities		
Retirement of principal on bonds	**(200,046)**	(274,648)
Proceeds from issuance of bonds	**411,084**	487,253
Deferred financing charges paid	**(14,392)**	(12,841)
Change in escrow deposits	**(11,044)**	4,103
Interest paid on bonds	**(71,884)**	(63,503)
Net Cash Provided By Noncapital Financing Activities	**113,718**	140,364
Cash Flows Used In Capital And Related Financing Activities		
Payments for capital assets	**(148)**	(436)
Net Increase (Decrease) In Cash And Cash Equivalents	**(3,014)**	1,609
Cash And Cash Equivalents - Beginning Of Year	**47,028**	45,419
Cash And Cash Equivalents - End Of Year	**$ 44,014**	$ 47,028

See the accompanying notes to financial statements.

STATEMENT OF CASH FLOWS
Page 2 Of 2
(In Thousands)

	For The Years Ended June 30,	
	2007	2006 (As Restated)
Reconciliation Of Increase (Decrease) In Net Assets To Net Cash Used In Operating Activities:		
Increase (decrease) in net assets	**$ 21,032**	$ (30,389)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	**329**	267
Net (increase) decrease in fair value of investments	**(4,755)**	46,586
Income - mortgage investments	**(78,590)**	(65,975)
Income - investments	**(17,687)**	(16,328)
Amortization of financing charges	**5,247**	6,701
Provision for loan and real estate owned losses, net of charges-off loans	**446**	449
Interest expense related to bonds	**70,931**	60,658
Repayment of principal on mortgage loans receivable	**175,428**	200,056
Mortgage and construction loans disbursed	**(407,601)**	(375,399)
Interest received on mortgage investments	**77,633**	65,702
Change in assets and liabilities:		
Increase in accounts receivable - other	**(685)**	(68)
(Increase) decrease in prepaid expenses	**(10)**	65
Increase (decrease) in rent subsidies and other payables	**(92)**	324
Increase (decrease) in accounts payable	**574**	(877)
Increase in deferred financing and commitment fees	**2,288**	2,503
Net Cash Used In Operating Activities	**$ (155,512)**	$ (105,725)

1. Authorizing Legislation

The Missouri Housing Development Commission (the Commission) is a body corporate and politic established on October 13, 1969 by Chapter 215 of the Missouri State Statutes. In accordance with the provisions of Chapter 215 and resolutions of the Commission, the Commission is authorized to make or purchase mortgage loans that are uninsured, partially insured, or insured or guaranteed by the federal government and to insure mortgage loans, the funds of which are to be used to develop new or rehabilitated low- and moderate-income housing. The Commission is also authorized to issue bonds for making or purchasing such loans. The outstanding balance of bonds applicable to loans not insured or guaranteed by a federal agency or to bonds rated lower than "AA" by rating agencies at the time of issuance shall not exceed $200,000,000. At June 30, 2007 and 2006, the Commission had $104,334,000 and $67,425,000, respectively, of bonds outstanding applicable to loans that are not so insured or guaranteed or to bonds that are not so rated. Bonds issued by the Commission are not an obligation of the State of Missouri.

2. Summary Of Significant Accounting Policies

Reporting Entity

The Commission defines its reporting entity to include all component units for which the Commission is financially accountable. The extent of financial accountability is based upon several criteria including: appointment of a voting majority of the governing body, imposition of will, financial benefit to or burden on a primary government and financial accountability as a result of fiscal dependency.

The Missouri Housing Trust Fund has been designated as a blended component unit of the Commission. The Missouri Housing Trust Fund is authorized by Section 215.034, RSMo. Separate financial statements for the Missouri Housing Trust Fund may be obtained through the Commission.

Pursuant to the requirements of the Governmental Accounting Standards Board (GASB), the Commission is considered a related organization of the State of Missouri for financial reporting purposes. Accordingly, the Commission is included as a footnote disclosure in the State of Missouri's comprehensive annual financial report.

Measurement Focus And Basis Of Accounting

For financial reporting purposes, the Commission reports its operations as a single enterprise fund. Accordingly, the accounting records are maintained on the accrual basis of accounting and all interfund transactions are eliminated. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred. The Commission's financial statements are prepared using the flow of economic resources measurement focus. All assets and liabilities associated with the operation of the Commission are included on the balance sheet. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Revenues and expenses are typically divided into operating and nonoperating items. Operating revenues generally result from providing services in connection with the Commission's principal ongoing operations. The principal operating revenues of the Commission are derived from the investment income from loans and investments, financing fees and other charges related to providing financing for affordable housing through mortgage loans. Operating expenses consist primarily of interest expense on bonds outstanding. All revenues and expenses not meeting these definitions would be reported as nonoperating revenues and expenses. The Commission has no nonoperating activities.

The Commission follows all GASB pronouncements, as well as all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principal Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Commission has elected not to apply the pronouncements of the Financial Accounting Standards Board issued after November 30, 1989 as prescribed by GASB Statement No. 20.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash And Investments

As required by GASB Statement No. 31, *Accounting for and Financial Reporting for Certain Investments and External Investment Pools*, securities purchased under agreements to resell, U.S. government and agency securities, and mortgage-backed securities are reported at fair value as determined by the investment custodians utilizing prices quoted by securities dealers or brokers, investment bankers or statistical services on the valuation date. For the year ended June 30, 2007, the net increase in fair value of investments was $4,755,000. For the year ended June 30, 2006, the net decrease in fair value of investments was $46,586,000. Without the recognition of this element of investment income, the Commission's change in net assets would have been $16,277,000 in 2007 and $16,197,000 in 2006.

Cash And Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and on deposit and temporary investments with an original maturity of three months or less.

Mortgage Investments

Proceeds from the sale of bonds are used to make or purchase mortgage loans and to purchase Government National Mortgage Association (GNMA), Fannie Mae and Federal Home Loan Mortgage Corporation (FHLMC) mortgage-based securities. Advances made on such loans during the construction period of related housing units are recorded as construction loans and are transferred to mortgage loans upon final endorsement after construction completion. Mortgage and construction loans are reported at cost, while GNMA, Fannie Mae and FHLMC mortgage-backed securities are reported at fair value as determined by external investment custodians and quoted market prices.

Allowance For Loan Losses

The allowance for loan losses is for uninsured loans, Risk-Share loans and related accrued interest on such loans. The allowance is management's estimate of uncollectible loans and related accrued interest and is based on existing payment conditions, prior experience and such other factors that, in management's opinion, require consideration. For financial statement presentation, the allowance for loan losses has been netted against the noncurrent portion of mortgage and construction loans.

Deferred Financing Charges

Costs of issuance of bonds are deferred and amortized over the life of the related issue using the outstanding bond method, which approximates the effective interest method.

Original Issue Discounts/Premiums

Original issue discounts/premiums on bonds are amortized/accredited using the outstanding bond method over the life of the bonds to which they relate.

Capital Assets

Equipment consists of leasehold improvements, office furniture and equipment, which are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from three to nine years. The Commission defines capital assets as assets with an initial, individual cost of more than $750 and an estimated useful life in excess of one year.

Net Assets

Net assets are classified as follows:

Invested in Capital Assets: This component of net assets consists of capital assets, net of accumulated depreciation.

Restricted: This component of net assets consists of restrictions placed on net asset use through external constraints imposed by creditors, grantors, contributors, laws or regulations of other governments, Commission or bond resolution, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net assets consists of net assets that do not meet the definition of restricted or invested in capital assets.

Fees, Charges And Expenses

Financing fees are deferred and recorded as income over the life of the related bond issuance, which approximates the life of the related mortgage loans.

Service and other fees and charges are recorded as income when earned and the associated administrative expenses are recorded as incurred. Operating expenses identifiable to a particular program are charged directly to the program. All other operating expenses are accounted for by the Commission in the Operating Fund.

Federal Assistance And Grants

The Commission administers grants and federal assistance programs, representing "pass-through" financial assistance, on the behalf of secondary recipients. In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the Commission recognizes financial activity related to pass-through grants and financial assistance as revenues and expenses of the Commission.

Grants received from federal, state and local governments are recognized as operating revenue as the related expenditures are incurred in accordance with GASB No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions.*

Debt Refunding

For current refundings and advance refundings resulting in defeasance of debt reported by proprietary activities, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter, using the bonds outstanding method. The deferred refunding amounts are classified as a component of bonds payable in the financial statements.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

3. Description Of Funds Or Programs

The following describes the funds or programs maintained by the Commission, all of which conform to Chapter 215 of the Missouri State Statutes and the respective bond resolutions.

Operating Fund

Funding of the Operating Fund on an ongoing basis is derived principally from allowable transfers from other funds, fees earned for administering various U.S. Department of Housing and Urban Development (HUD) programs, and interest income from Operating Fund investments and mortgage loans. Mortgage and construction loans in the Operating Fund are collateralized by deeds of trust on the related properties, including approximately $3,541,000 and $4,051,000 at June 30, 2007 and 2006, respectively, which are insured by HUD or guaranteed by the Veterans Administration (VA). These insured loans include $1,543,000 and $1,600,000 at June 30, 2007 and 2006, respectively, which are FHA-insured "Risk-Share Mortgage Loans," as described in Note 5. Authorized activities of the Operating Fund include the following:

Payment of general and administrative expenses and other costs not payable by other funds of the Commission;

Financing rental or homeownership residential housing units from accumulated fund balances, if financing of such units is not provided for under existing bond indentures; and,

Those activities deemed necessary to fulfill the Commission's corporate purposes for which special funds are not established.

Rental Bond-Financed Program Fund

The Commission's Rental Bond-Financed Program Fund was established to account for the proceeds from the bond sales, debt service requirements, and the related mortgage loans and mortgage-backed securities on eligible rental developments. All loans, with the exception of most of the loans financed by conduit Rental Housing Revenue Bonds, are insured by HUD. Uninsured conduit loans, which totaled $117,104,000 and $80,396,000 at June 30, 2007 and 2006, respectively, are financed by the borrowers with limited obligation revenue bonds which are denoted by "**" in Note 6.

Homeownership Bond-Financed Program Fund

The Commission's Homeownership Bond-Financed Program Fund was established to account for the proceeds from the sale of bonds, debt service requirements and the related mortgage loans and mortgage-backed securities on eligible owner-occupied units. All loans are either insured by the Federal Housing Administration or qualified private mortgage insurers or guaranteed by the VA.

4. Cash And Investments

A summary of cash and investments as of June 30, 2007 and 2006 is as follows *(in thousands)*:

	2007		2006	
	Cost	**Fair Value**	Cost	Fair Value
Cash and temporary investments	**$ 20,710**	**$ 20,710**	$ 25,454	$ 25,454
Money market funds	**23,304**	**23,304**	21,574	21,574
Securities purchased under agreements to resell	**8,874**	**8,874**	5,231	5,231
U.S. Treasury bonds and notes and agency obligations	**187,165**	**184,728**	199,907	195,748
Guaranteed investment contracts	**256,416**	**256,416**	267,317	267,317
	$ 496,469	**$ 494,032**	$ 519,483	$ 515,324

Investment Policy

General

The Commission's Investment Policy and Guidelines are formalized in Resolution No. 925. This policy applies to investments that are not held by a trustee in connection with bond or note issues. This policy permits the Commission to invest in obligations of the State of Missouri, obligations of the United States of America, obligations issued or guaranteed by certain agencies of the federal government, certain collateralized repurchase agreements, and certificates of deposit. The general policy of the Commission is to make investments for future funding requirements and not for trading purposes. At June 30, 2007, all of the Commission's general investments (nonbond related investments) were in compliance with the Commission's Investment Policy and Guidelines.

Indentures

The Commission's Bond Indentures permit investments in the direct obligations of, or obligations guaranteed by, the United States of America, certificates of deposit, investment agreements and certain other investments permitted by applicable law. At June 30, 2007, all investments of debt-related issues held by the Commission's trustees were in compliance with the requirements of the Indentures.

Investment Types And Maturities

As of June 30, 2007, the Commission had the following investments and maturities (amounts are in thousands):

		Investment Maturities (In Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**	**6 - 10**	**More Than 10**
Money market funds	$ 23,304	$ 23,304	$ —	$ —	$ —
Repurchase agreements	8,874	8,874	—	—	—
U.S. Treasury Securities	10,506	5,164	319	65	4,958
U.S. Agency Securities	174,222	50,938	107,544	15,740	—
Guaranteed investment contracts	256,416	16,551	127,252	15,409	97,204
	$ 473,322	$ 104,831	$ 235,115	$ 31,214	$ 102,162

The Commission's Investment Policy and Guidelines limit investments for general funds in repurchase agreements to 90 days and U.S. Treasury and U.S. Agency securities to 10 years. The demand repurchase agreement is collateralized by obligations of the United States of America or its agencies, and has a one-day demand of funds provision exercisable at the Commission's option. The bond resolutions and indentures allow for investments in obligations of the United States of America and investment agreements for the terms specified in these documents, generally 30 years.

Credit Risk

The Commission's investments in U.S. government agency securities and money market funds are rated in the highest rating category by Standard & Poor's (AAA) and Moody's Investors Services (Aaa). Repurchase agreements are unrated, but collateralized by U.S. Agency securities. Guaranteed investment contracts are unrated. As of June 30, 2007, all the investment agreement providers have a Standard & Poor's long-term credit rating of A or higher. The contracts stipulate minimum credit ratings and contain "termination" clauses so the Commission may withdraw funds early if credit ratings deteriorate below specified levels and collateral or a guarantee is not provided.

Concentration Of Credit Risk

The Commission places no limit on the amount the Commission may invest in any one issuer with respect to U.S. Treasury Securities and U.S. Government Agency Securities. Obligations of the State of Missouri and collateralized certificates of deposit are limited to 60% of the nonbond fund portfolio, each. Collateralized repurchase agreements are limited to 50% of the nonbond fund portfolio. The following table lists investments in issuers that represent 5% or more of total investments at June 30, 2007:

Issuer	Percent Of Total Investments
Bayerische Landesbank Girozentrale Guaranteed Investment Contracts	5.47%
DEPFA Bank Guaranteed Investment Contracts	30.63%
Federal Home Loan Bank	20.04%
Federal National Mortgage Association	8.58%

Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the Commission addresses custodial credit risk by pre-qualifying institutions with which the Commission places investments, diversifying its investment portfolio and maintaining a standard of quality for its investments.

Investments in U.S. government and agency securities are carried at fair value. At June 30, 2007 and 2006, securities approximating $179,386,000 and $190,527,000, respectively, are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Commission's name.

For deposits, custodial credit risk is the risk that in the event of a bank failure, the Commission may not be able to recover its deposits. Protection of the Commission's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution or by a single collateral pool established by the financial institution.

5. Mortgage Investments

The Homeownership Bond-Financed Program requires that mortgage loans be made to borrowers whose household income does not exceed the statewide median income, based on family size. Section 143 of the Internal Revenue Code specifies certain requirements with respect to the nature of the residence, mortgage and eligibility of the borrower. The Homeownership Bond-Financed Program provides funding for mortgage loans that are FHA insured, VA guaranteed, USDA/RD guaranteed or Fannie Mae-qualified conventional loans.

The Rental Bond-Financed Program provides long-term financing for rental housing developments for occupancy by families and persons of low and moderate incomes. The Commission has entered into a Risk Sharing Agreement with the U.S. Department of Housing and Urban Development (HUD), which permits the Commission to participate in HUD's Risk-Share Program. In accordance with the terms of this agreement, HUD will insure certain mortgage loans on rental housing developments (FHA-insured "Risk-Share Mortgage Loans") and the Commission will underwrite the Risk-Share Mortgage Loans following its underwriting guidelines. HUD will insure the Risk-Share Mortgage Loans and will bear 50% of the risk and the Commission will bear the remaining 50% of the risk. The Commission had Risk-Share Mortgage Loans totaling $171,215,000, representing 36 loans, as of June 30, 2007 and $173,169,000 representing 35 loans, as of June 30, 2006.

The proceeds of the 1995 through 2007 Homeownership Bond-Financed Program, as well as proceeds of the Rental Housing Revenue Bonds and the Homeownership Mortgage Revenue Bonds as listed below, were used to purchase GNMA, Fannie Mae and FHLMC certificates collateralized by mortgage loans approved in accordance with the guidelines of the Commission's mortgage programs. The financing periods of the mortgage loans financed by the Homeownership and Rental Programs are 30 years. Mortgage-backed securities have repayments based on the underlying pooled mortgages and are subject to prepayment. The financing rates related to the mortgage-backed securities at June 30, 2007, are as follows:

Issue	Mortgage Rate	Certificate Rate
Rental Housing Revenue Bonds		
June 1, 1989 Series A	6%	5.75%
Series 1999	6.185%	5.185%
Series 2002 G	6.9%	6.65%
2005 Series I-A	5.85%	5.6%
Homeownership Mortgage Revenue Bonds		
Issue of November 1, 1986	8.25%	7.75%
1988 Series A	8.7%	8.2%
1988 Series B	8.8%	8.3%
1988 Series C	8.8%	8.3%

Issue	Mortgage Rate	Certificate Rate
Homeownership Loan Program (1995 Indenture)		
1995 Series B	6.5%, 7.65%	6%, 7.15%
1995 Series C	7.75%	7.25%
1995 Series D	6.55%, 7.45%	6.05%, 6.95%
1996 Series A	7.72%	7.22%
1996 Series B	8%	7.5%
1996 Series C	7.87%	7.37%
1996 Series D	6.54%, 7.54%	6.04%, 7.04%
1997 Series A	6.3%, 6.85%, 7.85%	5.8%, 6.35%, 7.35%
1997 Series A-4	6.84%	6.34%
1997 Series B	6.31%, 7.31%	5.81%, 6.81%
1997 Series C	7.35%	6.85%
1998 Series B	6.1%, 7%, 7.35%	5.6%, 6.5%, 6.85%
1998 Series D	6.05%, 6.67%, 6.95%, 7%	5.55%, 6.17%, 6.45%, 6.5%
1998 Series E	5.9%, 6.67%	5.4%, 6.17%
1999 Series A	5.87%, 6.62%	5.37%, 6.12%
1999 Series B	6.25%, 7.1%	5.75%, 6.6%
1999 Series C	6.77%, 7.62%	6.27%, 7.12%
2000 Series A	7.03%, 7.93%	6.53%, 7.43%
2000 Series B	6.97%, 7.87%	6.47%, 7.37%
2000 Series C	6.6%, 7.5%	6.1%, 7%
2001 Series A	6.1%, 6.85%	5.6%, 6.35%
2001 Series B	6.16%, 6.91%	5.66%, 6.41%
2001 Series C	5.5%, 6.4%, 8.25%	5%, 5.9%, 7.75%
2002 Series A	6.05%, 6.84%	5.55%, 6.34%
2002 Series B	6.08%, 6.65%, 6.83%	5.58%, 6.15%, 6.33%
2002 Series C	5.2%, 6.1%, 6.79%	4.7%, 5.6%, 6.29%
2003 Series A	5.42%, 6.27%	4.92%, 5.77%
2003 Series B	5.25%, 5.85%, 6.09%, 7.45%	4.75%, 5.35%, 5.59%, 6.95%
2003 Series C	5.99%	5.49%
2003 Series D	5.08%, 6.08%	4.58%, 5.58%
2004 Series A	4.95%, 5.65%, 7.3%	4.45%, 5.15%, 6.8%
2004 Series B	5.9%, 5.95%, 6.6%	5.4%, 5.45%, 6.1%
2004 Series C	5.7%, 5.95%, 6.3%	5.2%, 5.45%, 5.8%
2004 Series D	5.875%	5.375%
2005 Series A	5.4%, 5.9%, 7.99%	4.9%, 5.4%, 7.49%
2005 Series B	5.6%, 6.1%	5.1%, 5.6%
2005 Series C	5.3%, 5.8%, 6.9%	4.8%, 5.3%, 6.4%
2005 Series D	5.6%, 6.125%	5.1%, 5.625%
2006 Series A	5.65%, 6.15%	5.15%, 5.65%
2006 Series B	5.75%, 6.25%	5.25%, 5.75%
2006 Series C	6%, 6.41%	5.5%, 5.91%
2006 Series D	6.3%, 6.71%	5.8%, 6.21%
2006 Series E	6.15%, 6.6%	5.65%, 6.1%
2007 Series A	5.9%, 6.35%	5.4%, 5.5%, 5.85%, 5.95%
2007 Series B	5.99%, 6.45%	5.49%, 5.59%, 5.95%, 6.05%
2007 Series C	5.95%, 6.4%	5.45%, 5.55%, 5.605%, 5.9%, 6%, 6.055%

GNMA, Fannie Mae and FHLMC certificates, which are included in mortgage investment balances, are presented in the balance sheet at fair value in accordance with GASB Statement No. 31. All other loans included in mortgage investments are carried at cost. The following summarizes the carrying value and cost of mortgage investments:

	2007		2006	
	Carrying Value	**Cost**	Carrying Value	Cost
GNMA, Fannie Mae and FHLMC mortgage-backed securities	**$ 1,085,889**	**$ 1,105,694**	$ 884,374	$ 905,783
Other mortgage loans	**466,965**	**466,965**	434,704	434,704
	$ 1,552,854	**$ 1,572,659**	$ 1,319,078	$ 1,340,487

During 2007 and 2006, the Commission realized a net gain of $1,430,000 and $948,000, respectively, from the sale of investments. The calculation of realized gains and losses is independent of the calculation of net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in fair value of investments reported in a prior year. The net increase in fair value was $4,755,000 in 2007 and the net decrease in fair value was $46,586,000 in 2006. This amount takes into account all changes in fair value (including purchases and sales) that occurred during each respective year. The unrealized loss on investments held at June 30, 2007 and 2006 was $22,242,000 and $25,568,000, respectively.

6. Bonds And Notes Payable

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2007 (in thousands):

	Balance June 30, 2006	**Other Adjustments (Note 13)**	**Increases**	**Decreases**	**Balance June 30, 2007**	**Amount Due Within One Year**
Operating - notes payable	$ 2,565	$ —	$ —	$ (525)	$ 2,040	$ 525
Rental bond - financed program	320,229	1,300	32,781	(14,220)	340,090	14,686
Homeownership bond - financed program	1,074,474	—	368,722	(185,300)	1,257,896	15,540
	$ 1,397,268	$ 1,300	$ 401,503	$ (200,045)	$ 1,600,026	$ 30,751

The net proceeds of bond issues are used to provide financing for rental bond financed housing projects or for homeownership residential housing units. The bond proceeds are deposited with and invested by various bank trust departments in qualified investments until required for such financing. These bonds are obligations of the Commission and are not liabilities of the State of Missouri. A summary of bonds payable outstanding at June 30, 2007 and 2006 follows *(in thousands)*:

	Original Amount Authorized	Outstanding 2007	Outstanding 2006
Rental Bond - Financed Program			
Series March 15, 1977 (6%), due in 2020***	$ 30,000	**$ 510**	$ 1,675
Series June 1, 1988 (8.1% to 8.5%), due 2008 - 2029***	3,905	**1,420**	1,450
Series 1989A Wyatt Park (7.125% to 7.375%), due 2009 - 2030*	965	**820**	835
Series September 1, 1989 Westminster Place (9.25%), due in 2030***	1,845	**1,445**	1,540
Series March 1, 1991 Longfellow Heights (10%), due in 2031***	1,685	**1,575**	1,590
Series November 15, 1996 (7.75% to 8.05%), due 2016 - 2038	3,540	**1,335**	3,270
Series 1996A Truman Farm Villas (5.75% to 6.2%), due 2011 -2028**	7,700	**7,160**	7,290
Series 1996A Brookstone Village (5.25% to 6.2%), due 2016 - 2028**	8,400	**7,185**	7,270
Series 1999 O'Fallon Place Apts. (4.2% to 5.25%), due 2007 - 2032*,**	6,710	**5,945**	6,040
Series 1999 The Mansion Apts. Phase II (6.125% to 6.17%), due 2022 - 2032**	6,730	**6,295**	6,380
Series 1999 East Hills Village Apts. (7.3%), due in 2030**	2,750	**2,605**	2,645
2000 Series 1 (5.4% to 6.1%), due 2007 - 2031	11,540	**10,085**	10,260
2001 Series I (4.2% to 5.25%), due 2007 - 2027	21,780	**9,185**	10,025
2001 Series II (4.35% to 5.5%), due 2007 - 2023	46,360	**18,910**	22,520
2001 Series III (4.2% to 5.25%), due 2007 - 2021	22,850	**1,805**	5,260
2001 Series 1A (4% to 5.375%), due 2007 - 2033	7,300	**4,930**	5,050
2001 Series 2A (5.25% to 5.3%), due 2021 - 2032	3,800	**3,495**	3,565
Series 2002 G JB Hughes Apts. I & II (6.2% to 6.3%), due 2019 - 2037*,**	2,550	**2,441**	2,468
Series 2002 H JB Hughes Apts. I & II (6.9%), due in 2038**	450	**450**	450
2002 Series 1 Bevo-Bavarian (5.3% to 5.55%), due 2017 - 2038	12,890	**12,465**	12,615
2002 Series 2 Columbia Square Townhomes (5.2% to 5.3%), due 2022 - 2034	4,440	**3,550**	3,630
2002 Series 4 Hawthorne Place Apts. (5.15% to 5.2%), due 2022 - 2034	20,505	**14,145**	14,370
2003 Series 1 Pevely Square Apts. (5.2% to 5.3%), due 2023 - 2034	5,105	**2,585**	2,625
2003 Series 2 Parkview Place Apts. (2.625% to 5.25%), due 2007 - 2035	5,715	**5,170**	5,410
2003 Series 3 Hyder Elderly Apts. (2.75% to 5.625%), due 2007 - 2040	3,965	**3,870**	3,920
2003 Series 4 Ridge Crest Apts. (4.6% to 5.45%), due 2013 - 2035	3,925	**2,685**	2,770
2003 Series 5 Kensington Heights Apts. (2.5% to 5.28%), due 2007 - 2040	5,075	**4,945**	5,015
2003 Series 6 Historic Ellison Apts. (2.15% to 5%), due 2007 - 2035	5,280	**2,170**	2,210
2003 Series 7 Autumn House/Jefferson Manor (4.3% to 5.1%), due 2013 - 2035	4,695	**4,545**	4,625
2003 Series 8 Stratford Commons (2.5% to 5.2%), due 2007 - 2035	4,385	**2,210**	2,250
2003 Series 9 Rural Development Apts. (4.35% to 5.1%), due 2013 - 2034	8,590	**3,490**	3,550
2003 Series 10 Hidden Valley Apts. (2.5% to 5.1%), due 2007 - 2036	10,880	**10,625**	10,815
2004 Series 1 Hickory Townhomes (4.05% to 4.95%), due 2018 - 2036	3,160	**3,095**	3,145
2004 Series 2 Winter Garden Apts. (2.25% to 4.95%), due 2007 - 2035	4,190	**4,050**	4,130
2004 Series 3 Woodlen Place Apts. (5.1% to 5.33%), due 2018 - 2035	1,800	**1,315**	1,335
2004 Series 4 Festus Gardens Apts. (5.25%), due in 2036	5,990	**4,380**	4,445
2004 Series 5 FP-San Remo Apts. (3.55% to 5.45%), due 2008 - 2036	3,785	**2,315**	2,355
2004 Series 6 Allen Market Lane Apts. (4.7% to 5.15%), due 2018 - 2036	6,735	**3,615**	3,665
Series 2004 Bridgeport Apts. (6.6%), due in 2041**	6,580	**6,556**	6,580
2005 Series 1 St. Louis Brewery Apts. (4.5% to 4.9%), due 2020 - 2036	8,125	**3,455**	8,125
2005 Series 2 Meadowglen Apts. (2.8% to 4.85%), due 2007 - 2042	8,540	**7,015**	8,540
2005 Series 3 Olde Oak Tree & Landmark Towers (4.15% to 4.8%), due 2007 - 2036	6,520	**6,070**	6,270
2005 Series 4 Park Place Apts. (3% to 4.7%), due 2007 - 2037	10,330	**10,270**	10,330
2005 Series 5 Hawkins Village Apts. (3.35% to 5%), due 2007 - 2042	5,335	**5,305**	5,335
2005 Series 6 Ivanhoe Gardens Apts. (3.4% to 4.875%), due 2007 - 2036	4,240	**2,630**	4,240

	Original Amount Authorized	Outstanding 2007	Outstanding 2006
Rental Bond - Financed Program *(Continued)*			
2005 Series I-A and I-B Lakewood Apts. (5.25%), due in 2035*,**	$ 2,750	**$ 1,420**	$ 1,450
2005 Series II ChapelRidge of St. Joseph (6.3%), due in 2047**	7,150	**7,150**	7,150
2005 Series III ChapelRidge of Union (6.4%), due in 2047**	6,375	**6,375**	6,375
2005 Series IV ChapelRidge of Blue Springs (6.4%), due in 2047**	9,800	**9,800**	9,800
2006 Series 1 Meadow Ridge Townhouses (3.6% to 5%), due 2007 - 2037	6,360	**6,360**	6,360
2006 Series 2 Ashley Park Apts. (3.55% to 4.875%), due 2007 - 2037	7,290	**6,590**	7,290
2006 Series 3 Eureka & Wendell Apts. (3.65% to 5%), due 2007 - 2047	3,165	**3,165**	3,165
2006 Series 4 Justin Place Apts. (3.85% to 5%), due 2007 - 2042	5,640	**5,640**	5,640
2006 Series 5 Metropolitan Village Apts. (3.9% to 5%), due 2008 - 2038	5,960	**5,960**	5,960
2006 Series I Bainbridge Apts. (5.75%), due 2010 - 2016**	15,046	**13,888**	5,946
2006 Series II Georgian Court Apts. (5.75%), due 2010 - 2048**	8,721	**8,030**	8,071
2006 Series III Linda Vista Apts. (5.75% to 7.5%), due 2010 - 2048**	15,046	**5,309**	4,939
2006 Series IV Washington Apts. (4.992% to 6.568%), due 2011 - 2024**	7,500	**7,500**	7,500
2006 Series V Lost Tree South Apts. (5.913% to 6.244%), due 2008 - 2026**	4,400	**4,400**	—
2006 Series VI Mill Pond Apts. (variable rate), due in 2009**	3,500	**2,084**	—
2006 Series VII Cedar Tree Apts. (5.73% to 6.66%), due 2008 - 2026**	2,500	**2,500**	—
2006 Series VIII Elmwood Estates Apts. (5.73% to 6.66%), due 2008 - 2026**	3,200	**3,087**	—
2006 Series IX Catalpa Tree Apts. (5.73% to 6.66%), due 2008 - 2026**	1,800	**1,800**	—
2006 Series X Center Apts. (5.5% to 6.66%), due 2008 - 2026**	1,900	**1,830**	—
2007 Series 1 Linden Campus Apts. (3.85% to 4.7%), due 2009 - 2048	3,980	**3,980**	—
2007 Series I Park Ridge Apts. (5.665%), due in 2039**	12,000	**12,000**	—
2007 Series II Mexico I Apts. (5.61% to 5.88%), due 2008 - 2026**	1,100	**1,100**	—
	496,823	**340,090**	321,529
Unamortized debt discount	—	**(204)**	(211)
Unamortized debt premium	—	**38**	44
Deferred amount on refunding	—	**(533)**	(605)
	496,823	**339,391**	320,757
Homeownership Bond - Financed Program			
June 15, 1976 Series (6.375%), due in 2007***	28,175	**720**	1,040
September 1, 1991 Series B (7% to 7.25%), due 2010 - 2012***	18,200	**9,287**	11,143
1995 Series B (5.65% to 6.45%), due 2007 - 2027*	30,000	**2,620**	3,445
1995 Series C (5.375% to 7.25%), due 2015 - 2026*	30,000	**575**	990
1995 Series D (6% to 6.15%), due 2015 - 2026*	16,800	**180**	330
1996 Series A (5.4% to 7.2%), due 2013 - 2027*	41,000	**890**	1,635
1996 Series B redeemed in 2007*	29,060	**—**	390
1996 Series C (5.4% to 7.45%), due 2007 - 2027*	32,925	**915**	1,600
1996 Series D (5.3% to 7.1%), due 2007 -2028*	46,640	**2,065**	2,830
1997 Series A (5.5% to 7.3%), due 2007 - 2028*	50,000	**155**	1,525
1997 Series A-4 (4.9% to 5.65%), due 2007 - 2029*	10,000	**340**	520
1997 Series B (5.1% to 6.85%), due 2007 - 2029*	64,500	**5,520**	7,555
1997 Series C (4.9% to 6.85%), due 2007 - 2029*	55,625	**3,440**	4,855
1998 Series B (4.75% to 6.4%), due 2007 - 2029*	70,000	**6,765**	8,150
1998 Series D (4.625% to 6.5%), due 2007 - 2029*	70,000	**6,825**	8,855
1998 Series E (4.45% to 6.45%), due 2007 - 2029*	50,000	**6,069**	7,271
1999 Series I (5.1%), due in 2030	5,095	**770**	1,085
1999 Series A (4.35% to 6.3%), due 2007 - 2030*	75,000	**10,235**	13,540
1999 Series B (4.9% to 6.7%), due 2007 - 2030*	75,000	**8,030**	9,890
1999 Series C (5.05% to 6.95%), due 2007 - 2030*	75,000	**6,630**	8,185
2000 Series A (5.5% to 7.77%), due 2007 - 2031*	98,135	**6,080**	7,555
2000 Series B (5.5% to 7.45%), due 2007 - 2031*	70,000	**6,075**	7,615
2000 Series C (5.05% to 7.15%), due 2007 - 2032*	84,390	**9,735**	12,585
2001 Series A (4.3% to 6.35%), due 2007 - 2033*	100,000	**19,020**	23,665

	Original Amount Authorized	Outstanding 2007	Outstanding 2006
Homeownership Bond - Financed Program *(Continued)*			
2001 Series B (4.3% to 6.85%), due 2007 - 2033*	$ 70,000	**$ 14,775**	$ 18,550
2001 Series C (3.75% to 6.23%), due 2007 - 2033*	46,490	**15,565**	18,705
2002 Series A (4% to 6.75%), due 2007 - 2034*	45,000	**10,855**	14,475
2002 Series B (3.75% to 6.66%), due 2007 - 2034*	80,000	**22,260**	28,215
2002 Series C (2.9% to 6%), due 2007 - 2034*	80,000	**31,040**	35,655
2003 Series A (2.7% to 5.78%), due 2007 - 2035*	50,000	**25,445**	29,240
2003 Series B (2.5% to 5.375%), due 2007 - 2034*	78,795	**41,650**	48,540
2003 Series C (2.45% to 5.35%), due 2007 - 2034*	60,000	**38,680**	45,400
2003 Series D (2.4% to 5.55%), due 2007 - 2034*	70,000	**44,615**	52,405
2004 Series A (2.2% to 5.15%), due 2007 - 2035*	57,280	**43,745**	48,285
2004 Series B (3.35% to 6.35%), due 2007 - 2035*	60,000	**39,985**	45,780
2004 Series C (2.85% to 6%), due 2007 - 2035*	60,000	**46,260**	51,535
2004 Series D (2.4% to 5.5%), due 2007 - 2035*	40,000	**32,665**	36,170
2005 Series A (2.85% to 5.9%), due 2007 - 2036*	54,680	**47,790**	52,165
2005 Series B (3.1% to 5.8%), due 2007 - 2036*	75,000	**69,435**	73,845
2005 Series C (3.05% to 5.6%), due 2007 - 2036*	68,000	**62,165**	67,570
2005 Series D (3.4% to 6%), due 2007 - 2036*	50,000	**48,580**	50,000
2006 Series A (3.4% to 6%), due 2007 - 2037*	50,000	**49,790**	50,000
2006 Series B (3.6% to 6.05%), due 2007 - 2037*	100,000	**99,645**	100,000
Draw Down Series 2006 A (4.3%), due in 2007	150,000	**—**	1,685
2006 Series C (3.65% to 5.9%), due 2007 - 2037*	60,000	**60,000**	60,000
2006 Series D (4.95% to 6.15%), due 2007 - 2037*	70,000	**70,000**	—
2006 Series E (5.42% to 5.88%), due 2016 - 2037*	40,000	**40,000**	—
2007 Series A (4.625% to 6%), due 2008 - 2038*	50,000	**50,000**	—
2007 Series B (5.04% to 5.78%), due 2017 - 2038*	35,000	**35,000**	—
Draw Down Series 2007A (4.788%), due in 2010	100,000	**5,010**	—
2007 Series C (4.7% to 6.25%), due 2008 - 2038*	100,000	**100,000**	—
	3,025,790	**1,257,896**	1,074,474
Unamortized debt discount	—	**—**	(1)
Unamortized debt premium	—	**39,763**	34,872
Deferred amount on refunding	—	**(1,065)**	(1,125)
	3,025,790	**1,296,594**	1,108,220
Total	$ 3,522,613	**$ 1,635,985**	$ 1,428,977

The proceeds of bond issues denoted by "*" are used to purchase GNMA, Fannie Mae and FHLMC mortgage-backed securities, which are backed by mortgage loans originated through the Commission's loan programs.

The proceeds of bond issues denoted by "**" are used to provide financing for multifamily rental housing projects. These bonds are limited obligation, conduit debt issued by the Commission, payable solely from and secured by a loan agreement between the Commission and the borrower. The total aggregate amount of conduit debt outstanding was $126,910,000 at June 30, 2007 and $90,354,000 at June 30, 2006.

The bond issues denoted by "***" are general obligation bonds. All other bond issues are revenue bonds and conduit debt as described previously.

During the fiscal years ended June 30, 2007 and 2006, the Commission repurchased or redeemed, prior to their scheduled maturity, the principal amount of certain of its bonds. Net gains of $2,147,000 and $2,732,000 for the years ended June 30, 2007 and 2006, respectively, on early extinguishment of debt have been recorded and included with financing fees and other operating revenue. These gains arise as a result of call premiums as required by the resolution and immediate recognition of deferred bond issuance costs, bond discounts or premiums that would have been amortized over the life of the applicable bond issue if not retired.

During the fiscal year ended June 30, 2006, the Commission issued Single Family Homeownership Mortgage Revenue Bonds 2005C in the aggregate amount of $68,000,000. Of this aggregate amount, $7,775,000 refunded a portion of the outstanding Housing Development Bonds (Insured Mortgage Loans). The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $182,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2026 using the bonds outstanding method. The Commission completed the advance refunding, which increased its total debt service payments over the next 30 years by approximately $227,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $352,000.

During the fiscal year ended June 30, 2006, the Commission received payoff of the remaining mortgage financed by the Multifamily Housing Revenue Refunding Bonds Series 1998. The Commission deposited the proceeds from the payoff in an irrevocable trust with the Commission's escrow agent to provide for the payment of principal and interest through maturity or redemption of the Series 1998 bonds. This event met the requirements of an in-substance defeasance, therefore, these assets and the liability for the defeased bonds are not reflected in the Commission's financial statements. As of June 30, 2007, $1,015,000 of the defeased bonds remains outstanding.

All bonds have early redemption provisions. A summary of future annual scheduled principal and interest maturities, which excludes unamortized debt discounts and premiums, follows *(in thousands)*:

Bonds Maturing During Years Ending June 30,	**Principal**	**Interest**	**Total**
2008	$ 30,226	$ 76,453	$ 106,679
2009	21,749	76,996	98,745
2010	36,287	76,231	112,518
2011	22,761	75,144	97,905
2012	23,288	74,246	97,534
2013 - 2017	96,023	366,330	462,353
2018 - 2022	95,700	338,705	434,405
2023 - 2027	163,952	311,840	475,792
2028 - 2032	196,721	272,403	469,124
2033 - 2037	630,797	179,922	810,719
2038 - 2042	263,667	15,300	278,967
2043 - 2047	12,461	686	13,147
2048 - 2052	4,354	66	4,420
	$ 1,597,986	$ 1,864,322	$ 3,462,308

In addition to bonds payable, at June 30, 2007 and 2006, the Commission had fixed rate notes payable totaling $2,040,000 and $2,565,000, respectively, at interest rates of 2.28% to 3.64%. The fixed rate notes pay monthly interest with a final principal balloon payment due at maturity as follows *(in thousands)*:

Maturity Date	**Interest Rate**	**Principal**	**Interest**	**Total**
2008	2.72%	$ 525	$ 62	$ 587
2009	3.10%	515	47	562
2010	3.40%	500	30	530
2011	3.64%	500	12	512
		$ 2,040	$ 151	$ 2,191

7. Escrow Deposits And Rent Subsidies Payable

Escrow deposits represent funds paid by project mortgagees for real estate taxes, insurance, future replacement of property and other costs.

Rent subsidies payable represent funds received from HUD for payment of rent subsidies to participants in the Housing Assistance Programs and for other programs.

Such funds held by the Commission are included in restricted cash and temporary cash investments.

8. Restrictions

Restricted Cash And Investments

Substantially all of the assets of each bond program of the Commission are pledged as collateral for the payment of principal and interest on bond indebtedness of that program. Therefore, all related bond program assets of the Commission that are pledged as collateral are treated as restricted and noncurrent. The obligations of the Commission are not obligations of the State, and the State is not liable for such obligations. The Trust Indentures between the Commission and the Trustees establish special accounts for the segregation of assets and restrictions of the use of bond proceeds and certain other funds received.

Resolutions of the Commission require that, to the extent funds are available in the general account of each bond fund, they are to be transferred to a debt service account on a periodic basis, from the date of bond issuance to the date of each succeeding maturity, sufficient to make principal and interest payments on the bonds as they become due. Funds within the general account of each bond fund are on deposit in restricted accounts.

In addition, the statute and resolutions of the Commission require that for certain bond issues an amount be maintained in reserve accounts to be used to make principal and interest payments on payment due dates. Such amounts are on deposit in restricted accounts for the various issues within the Rental Bond-Financed and Homeownership Bond-Financed Programs.

As of June 30, 2007 and 2006, the assets of all accounts equaled or exceeded the requirements as established by the Trust Indentures. Such assets are restricted as follows:

	2007	2006
Program and Construction Funds - rental assistance, construction escrows, and other restricted funds	**$ 71,742**	$ 84,653
Mortgage Escrow Accounts - insurance, taxes, replacement reserves and other mortgage escrows	**60,072**	57,766
Federal Programs Funds	**1,982**	2,140
Missouri Housing Trust Fund	**4,435**	3,967
Bond Proceeds Accounts - funds for purchase of qualified mortgage-backed securities or mortgage loans and payment of cost of issuance	**136,665**	160,979
Revenue and Debt Service Funds - program revenues for debt service payments	**118,005**	103,904
Debt Service and Other Bond Reserve Accounts - reserves held as required by bond indentures, including: debt service reserves, mortgage reserves and capitalized interest	**32,630**	35,338
	$ 425,531	$ 448,747

Restricted Net Assets

Pursuant to certain resolutions, the Commission has restricted the net assets of the Rental Bond-Financed Mortgage Program and the Homeownership Bond-Financed Program to maintain a level of reserves necessary to provide sound fiscal operations. In addition, through various resolutions for the Rental Bond-Financed Mortgage Program, the Homeownership Bond-Financed Program and activities of the Operating Fund, the Commission has reserved internally generated funds for financing residential housing units and for providing rental housing assistance, which are included in restricted net assets. In fiscal year 1997, the Commission acquired a portfolio of loans from HUD. Revenues collected from these HUD purchased loans are restricted by an agreement between the Commission and HUD to be used primarily for rehabilitation loans or grants.

Pursuant to State Statute, the Commission has restricted the amount of net assets representing revenues over expenses related to the financial activity of the Missouri Housing Trust Fund. The Missouri Housing Trust Fund is authorized by Section 215.034, RSMo. Revenues of the Missouri Housing Trust Fund are restricted to programs that financially assist, through loans or grants, the development of housing stock and that provide housing assistance to persons and families with incomes at or below specified levels.

Below is a summary of restricted net assets by the Commission, bond resolution and State Statute as of June 30, 2007 and 2006 *(in thousands)*:

	2007	2006
Restricted By Commission:		
Tenant assistance	**$ 50,085**	$ 47,831
Loans not funded by a bond sale	**131,113**	122,235
Loan commitments not yet disbursed	**8,809**	10,016
Reserves committed to Home Improvement And Multifamily interest subsidy program	**5,039**	5,120
Restricted earnings of HUD purchased loans	**9,698**	9,904
Restricted for Rural Initiative Program	**1,272**	1,279
	206,016	196,385
Restricted by bond resolution	**97,265**	90,267
Restricted by State Statute - Missouri Housing Trust Fund	**5,447**	5,325
	$ 308,728	$ 291,977

9. Commitments And Contingencies

The Commission rents office space in Kansas City, Missouri in accordance with a 10-year lease, which is accounted for as an operating lease and can be extended at the option of the Commission for two successive five-year periods.

The Commission rents office space in St. Louis, Missouri in accordance with a 10-year lease, which is accounted for as an operating lease.

Lease expenditures for the years ended June 30, 2007 and 2006 were $825,000 and $763,000, respectively. Future minimum lease payments for these leases are as follows *(in thousands)*:

Year	Amount
2008	$ 681
2009	686
2010	692
2011	717
2012	326
	$ 3,102

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; and natural disasters for which the Commission carries commercial insurance.

The Commission is also subject to additional audits, as deemed necessary by its federal grantor agencies, of the Commission's grant programs that may result in disallowed costs to the Commission. However, the Commission's management does not believe such audits would result in any disallowed costs that would be material to the Commission's financial position at June 30, 2007.

10. Pension Plan

All Commission employees participate in the Missouri State Employees' Plan (MSEP), a single-employer public employee retirement plan administered by the Missouri State Employees Retirement System (the System). MSEP provides retirement, death and disability benefits to its members. As established by Missouri State Statutes, responsibility for the operation and administration of MSEP is vested in the Missouri State Employees Retirement System Board of Trustees. The System issues a publicly available financial report that includes financial statements and required supplementary information for MSEP. That report may be obtained by writing to the Missouri State Employees Retirement System, P. O. Box 209, Jefferson City, Missouri 65102, or by calling 1-800-827-1063.

Covered employees do not contribute toward the MSEP. The employer is required to contribute at an actuarially determined rate. The contribution requirement for the years ended June 30, 2007, 2006 and 2005 was $695,000, $647,000 and $542,000, respectively. These contributions represented 12.7%, 12.4% and 10.5% of total salaries during 2007, 2006 and 2005, respectively. These contributions are expensed by the Commission when incurred.

The annual required contribution for the System for the current year was determined as part of an actuarial valuation of the System as of June 30, 2006 using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for the System includes (a) rate of return on the investment of present and future assets of 8.5% per year compounded annually, (b) projected salary increases of 4% per year annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 2.7% per year for MSEP, depending on age, attributable to seniority and/or merit and (d) the assumption that benefits will increase between 2.8% and 4% per year after retirement. The actuarial value of assets is based on a method that fully recognizes expected investment returns and averages unanticipated market returns over a five-year period.

As determined in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* the Commission has no pension liability, as required contributions are paid when due. This treatment is consistent with prior years.

11. Other Postemployment Benefits

In addition to the retirement benefits described in Note 10, the State of Missouri (the State) provides postemployment health care and life insurance benefits, in accordance with state statutes, to eligible Commission employees who retire and elect to participate. These health care benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP). There are currently no Commission retirees enrolled for health care benefits. The life insurance benefits are administered by the Missouri State Employees' Retirement System (MOSERS). The eligible number of retirees for MOSERS for life insurance benefits is 27. Health care benefits are funded through both employer and employee contributions. MOSERS life insurance benefits are funded through employee contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For each year of retirees' service, the State will pay 2.5% of the monthly health care premium, up to a maximum of 75%, subject to State appropriation. The retiree pays the balance of the premiums. To fund the State's portion, effective July 1, 2006, the State assesses a charge of 3.64% of total employee salary at the Commission. The charge assessed is independent of how many retirees the Commission may have receiving benefits. Expenses for postretirement health care benefits charged to the Commission by the State are recognized when incurred. During fiscal years 2007 and 2006, expenses of approximately $200,000 and $172,000, respectively, were recognized for postretirement health care benefits.

12. Subsequent Events

The Commission authorized and completed the 2006 Series I, 2006 Series II, 2006 Series III, 2006 Series VI, 2006 Series VIII, and 2006 Series X conduit multifamily housing revenue bond issues prior to June 30, 2007. However, portions of these bond issues are scheduled to fund and close subsequent to June 30, 2007. Remaining bonds in the amount $2,248,000 and $1,100,000 are anticipated to close in fiscal years 2008 and 2009, respectively.

In addition, prior to June 30, 2007, the Commission adopted resolutions authorizing one multifamily housing revenue bond issue and three conduit multifamily housing revenue bond issues. It is expected that these bonds will be issued during fiscal year 2008 and will not exceed $13,700,000.

On June 15, 2007, the Commission authorized the Missouri Housing Development Commission Single Family Mortgage Revenue Bonds (Homeownership Loan Program), 2007 Series D. In accordance with this authorization, bonds totaling $50,000,000 were issued in July 2007 and delivered in August 2007.

Finally, during August 2007, the Commission authorized the Single Family Mortgage Revenue Bonds (Homeownership Loan Program), 2007 Series E. It is expected that these bonds will be issued during fiscal year 2008 and will not exceed $90,000,000.

13. Prior Period Adjustment

The "other adjustments" column in Note 6 represents a correction of an error of $1,300,000 for conduit debt that was recorded as paid in 2006 as reflected in trustee activity reports. The effect of the error was an understatement of both bonds payable and mortgage investments. There was no effect on net assets. The 2006 financial statements have been restated to correct the $1,300,000 understatement of both bonds payable and mortgage investments.

Supplementary Information

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING BALANCE SHEET

(In Thousands)

June 30, 2007

Assets

	Operating	Rental Bond-Financed Program	Homeownership Bond-Financed Program	Total
Current Assets				
Cash and temporary cash investments	$ 1,890	$ —	$ —	$ 1,890
Investments	25,631	—	—	25,631
Mortgage investments	37,652	—	—	37,652
Accrued interest receivable	1,849	—	—	1,849
Accounts receivable - other	1,021	—	—	1,021
Prepaid expenses	55	—	—	55
Total Current Assets	68,098	—	—	68,098
Noncurrent Assets				
Restricted Assets:				
Cash and temporary cash investments	12,740	20,032	9,352	42,124
Investments	68,114	82,846	232,447	383,407
Mortgage investments	3,566	338,119	1,083,622	1,425,307
Accrued interest receivable	102	1,577	8,054	9,733
Deferred financing charges	—	315	48,518	48,833
Total Restricted Assets	84,522	442,889	1,381,993	1,909,404
Investments	40,980	—	—	40,980
Mortgage investments, net of current portion and allowances for loan losses ($21,596)	68,299	—	—	68,299
Capital assets, less depreciation	917	—	—	917
Total Noncurrent Assets	194,718	442,889	1,381,993	2,019,600
Total Assets	$ 262,816	$ 442,889	$ 1,381,993	$ 2,087,698

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING BALANCE SHEET
Page 2 Of 2
(In Thousands)
June 30, 2007

Liabilities And Net Assets

	Operating	Rental Bond-Financed Program	Homeownership Bond-Financed Program	Total
Current Liabilities				
Bonds and notes payable	$ 525	$ —	$ —	$ 525
Accounts payable	962	—	—	962
Deferred financing and commitment fees	872	—	—	872
Total Current Liabilities	2,359	—	—	2,359
Current Liabilities - Payable From Restricted Assets				
Bonds and notes payable	—	14,742	19,577	34,319
Accrued interest payable	—	4,586	20,886	25,472
Escrow deposits	8,231	53,846	—	62,077
Rent subsidies and other payables	1,643	—	—	1,643
Accounts payable	—	799	527	1,326
Deferred financing and commitment fees	—	210	856	1,066
Total Current Liabilities - Payable From Restricted Assets	9,874	74,183	41,846	125,903
Noncurrent Liabilities				
Bonds and notes payable	1,515	324,649	1,277,017	1,603,181
Deferred financing and commitment fees	8,558	2,240	7,682	18,480
Total Noncurrent Liabilities	10,073	326,889	1,284,699	1,621,661
Total Liabilities	22,306	401,072	1,326,545	1,749,923
Net Assets				
Invested in capital assets	917	—	—	917
Restricted by the Commission, bond resolution and state statute	211,463	41,817	55,448	308,728
Unrestricted	28,130	—	—	28,130
Total Net Assets	240,510	41,817	55,448	337,775
Total Liabilities And Net Assets	$ 262,816	$ 442,889	$ 1,381,993	$ 2,087,698

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

(In Thousands)

For The Year Ended June 30, 2007

	Operating	Rental Bond-Financed Program	Homeownership Bond-Financed Program	Total
Operating Revenues				
Interest and investment income:				
Income - mortgage investments	$ 4,875	$ 13,543	$ 60,172	$ 78,590
Income - investments	6,600	2,065	9,022	17,687
Net increase in fair market value of investments	2,644	493	1,618	4,755
Total interest and investment income	14,119	16,101	70,812	101,032
Administration fees	6,381	—	—	6,381
Financing fees and other	7,859	58	3,063	10,980
Federal program income	121,679	—	—	121,679
Total Operating Revenues	150,038	16,159	73,875	240,072
Operating Expenses				
Interest expense on bonds	75	11,078	59,778	70,931
Bank miscellaneous bond debt expense	88	137	5,353	5,578
Compensation	7,951	—	—	7,951
General and administrative expenses	3,750	—	—	3,750
Provision for loan and real estate owned losses	600	—	—	600
Rent and other subsidy payments	3,261	—	—	3,261
Housing Trust Fund grants	5,224	—	—	5,224
Federal program expenses	121,745	—	—	121,745
Total Operating Expenses	142,694	11,215	65,131	219,040
Change In Net Assets	7,344	4,944	8,744	21,032
Net Assets - Beginning Of Year	226,476	45,948	44,319	316,743
Interfund Transfers	6,690	(9,075)	2,385	—
Net Assets - End Of Year	$ 240,510	$ 41,817	$ 55,448	$ 337,775